

FISCAL NOTE
HB 27 - SB 23
FIRST EXTRAORDINARY SESSION

April 6, 1999

SUMMARY OF BILL: Amends T.C.A. Title 67, Chapter 6, Part 3. Exempts the following food items from tax: bread, milk, eggs, baby food, and baby formula.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues -	\$28,974,000 Recurring
Decrease Local Govt. Revenues -	\$10,865,000 Recurring
Increase State Expenditures -	\$78,040 One-Time

Estimate assumes sales tax collections from the sale of food to be approximately \$408,660,000 (state) and \$153,247,500 (local). Estimate further assumes that the percentage of sales tax collections for each item that would be exempt is as follows: Milk 2.69%, Bread 1.76%, Eggs 1.13%, Baby Food 0.64%, and Baby Formula 0.87%. Percentage of sales are derived from 1997 data provided by the Food Marketing Institute and published in the September 1998 issue of Supermarket Business Magazine.

Estimate assumes a one-time MIS implementation cost of \$78,040. This cost is for software encoding to capture data specific to the items exempted by this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director